

**DRAFT**

**LOAN COMMITMENT AGREEMENT**

CAMPAGNIE DE SERVICES FIDUCIAIRES, a Swiss corporation (hereinafter "CSF"), in consideration of the interest and fees to be earned on the loan transaction contemplated hereby, unconditionally commits and agrees to loan the sum of Five Million United States Dollars (U.S. \$5,000,000) to SRH CORPORATION, a Washington corporation (hereinafter "SRH"), on the terms and conditions contained herein.

1. Amount of Loan. The total principal amount which CSF commits to loan to SRH is Five Million Dollars (U.S. \$5,000,000) in United States funds. SRH may draw against this principal amount from time to time, each draw to be at least Twenty-five Thousand Dollars (\$25,000).

2. Interest. The principal balance outstanding from time to time shall bear interest from the dates of disbursement at the rate of \_\_\_\_\_ percent (\_\_\_\_\_% ) per annum.

3. Repayment of Principal and Interest. The loan shall be evidenced by a promissory note in form acceptable to CSF and its counsel and shall provide for repayment of the loan as follows:

a. During the first three (3) years from the date hereof, the borrower shall pay interest only, quarterly, on the principal amount outstanding from time to time.

b. Commencing three (3) years from the date hereof, borrower shall commence making monthly payments of principal and interest in an amount which will amortize the then outstanding

principal balance in thirty-six (36) equal monthly payments, with all principal and interest being fully due and payable on or before six (6) years from the date of this commitment.

4. Purpose of Loan. The loan proceeds shall be utilized by SRH solely for the purpose of financing timber harvesting operations on timber lands to be purchased by SRH from the Federal Land Bank of Spokane, which lands are located in the Quinault Indian Reservation in Grays Harbor and Jefferson Counties, State of Washington. Whenever requesting a draw against the loan proceeds, SRH shall submit a detailed explanation of the intended use of the loan proceeds and CSF may request any additional documents or information reasonably necessary to verify the use of the loan proceeds. At its sole discretion, CSF may make payment of loan proceeds directly to other parties on behalf of SRH.

5. Expiration of Commitment. This commitment shall automatically expire three (3) years from the date hereof, and any portion of the \$5,000,000 loan proceeds not drawn by that date may not later be drawn by SRH. This commitment shall expire prior to that date in the event that:

a. SRH fails to close the timber land purchase transaction with the Federal Land Bank of Spokane; or

b. SRH should default upon the promissory note owing to the Federal Land Bank of Spokane or default upon any security instrument which secures that note; or

c. SRH becomes insolvent, makes an assignment for benefit of its creditors or a voluntary or involuntary bankruptcy proceeding is filed against or on behalf of SRH.

Nothing in this commitment shall create a right of any creditor to compel SRH to draw upon loan proceeds committed hereby, nor does this commitment grant rights to any creditor of SRH to compel CSF to advance any loan proceeds not specifically requested by SRH or after the expiration of this commitment or for any purpose other than those contemplated by this commitment.

DATED this \_\_\_\_\_ day of November, 1986.

CAMPAGNIE DE SERVICES FIDUCIAIRES,  
a Swiss corporation

By \_\_\_\_\_  
Title \_\_\_\_\_

Accepted this \_\_\_\_\_ day of November, 1986.

SRH CORPORATION,  
a Washington corporation

By \_\_\_\_\_  
Title \_\_\_\_\_

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